

⁴Based on Southern Bell's current monthly service charge spread out over average number of calls completed per phone line in Mecklenburg facilities (\$30.31/month ÷ 855 calls per line.)

⁵Conservative estimate of uncollectible experience for Inmate Phone Service with basic fraud controls.

⁶Current LIDB validation costs.

Southern Bell
Monthly Profitability Analysis Summary
Mecklenburg County Historical Call Volumes

Commission Rate = 46% of Gross Revenues

<u>TYPE OF CALL</u>	<u>NUMBER OF CALLS</u>	<u>REVENUE (LOSS) PER CALL</u>	<u>MONTHLY REVENUE (LOSS)</u>
Local Coin	14,528	(.14)	(2,033.92)
Local Collect	65,385	(.22)	(14,384.70)
Intra-lata Collect	5,582	(.32)	<u>(1,786.24)</u>
			\$18,204.86

Mecklenburg County Historical Call Volumes

Commission Rate = 25% of Gross Revenues

<u>TYPE OF CALL</u>	<u>NUMBER OF CALLS</u>	<u>REVENUE (LOSS) PER CALL</u>	<u>MONTHLY REVENUE (LOSS)</u>
Local Coin	14,528	(.08)	(\$1,162.24)
Local Collect	65,385	(.02)	(1,307.70)
Intra-lata Collect	5,582	.33	<u>1,842.06</u>
			(\$ 627.88)

EXHIBIT A

**BELLSOUTH TELECOMMUNICATIONS, INC.
INMATE TELEPHONE SERVICE AGREEMENT
(WITH CPE)**

This Inmate Telephone Service Agreement ("Agreement") is made by and between BellSouth Telecommunications, Inc., d/b/a Southern Bell Telephone and Telegraph Company, and South Central Bell Telephone Company, having its principal place of business at 675 West Peachtree Street, Atlanta, Georgia ("the Company"), and Mecklenburg County Sheriff's Department, having its principal place of business at, 700 E. 4th Street, Charlotte, N. C. ("Facility Administrator").

I. Term of Contract - This Agreement shall be in effect until December 4, 1998; commencing from the date of execution below. An option is hereby granted to extend the terms of the contract for one (1) two-year period upon written notice, by the Sheriff, within ten days of taking the oath of office on or about December 2, 1998. Such notice will be sent to the address set forth in Section VII ("Notices"). Following the duration of the original term and any renewal period(s), this Agreement shall be extended month to month until 30 days written notice is provided by either party.

II. Material - This Agreement applies to the provision of space by the Facility Administrator for the installation, operation and maintenance of Inmate telephones, enclosures, and associated equipment furnished by the Company, whether existing, newly installed, or renovated, located at all existing and any future locations owned, operated or managed by the Facility Administrator. The term "Material" is defined herein as the inmate telephone set and enclosure (if any), including but not limited to Inmate operating equipment, site preparation, and customer premises equipment leased by the Facility Administrator for use in connection with Company's offering of Inmate Telephone Service. Where telephone sets, enclosures, Inmate operating equipment, or other property of Company are installed upon the premises owned, leased or otherwise under the supervision of Facility Administrator, such property shall remain in all respects that of the Company. The Company reserves the right to remove or relocate Material which is subjected to recurring vandalism or insufficient local and intraLATA traffic, carried by the Company, to warrant the continuation of service. Such a right of removal or relocation shall not be exercised unreasonably by the Company. The Company will notify the Facility Administrator in writing of its intention to remove or relocate at least thirty (30) days prior to such action. Upon removal of Material by the Company, the Company shall restore said premise to its original condition, ordinary wear and tear excepted.

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However, the Company shall not be liable for holes placed in walls, pillars, or floors or other conditions on the premises which resulted from the proper installation of Material described herein.

III. Alterations and Attachments - Facility Administrator may not make alterations or place any attachments to Material provided by the Company under this Agreement unless agreed in writing by Company.

IV. Remuneration - The Company will install, operate and maintain all Material at no charge to Facility Administrator except as stated below. The Company will pay Facility Administrator, for space provided for the installation and operation of Material, remuneration based on 46% of BellSouth local and IntraLATA toll money in the box and 46% of BellSouth 0+ and 0- dialed local and IntraLATA toll billed revenues. The Company will pay to the Location Provider \$1,200.00 per month. The Company will provide Facility Administrator with remuneration on a monthly basis or other, commencing with the first collection and/or settlement period following the date of execution below. Such remuneration and compensation will be sent to the address designated by Facility Administrator.

Facility Administrator agrees that all charges and remuneration policies are subject to change as required by the applicable Public Service Commission or any other regulatory or judicial body with authority to mandate such changes, and that at no time shall any charge or remuneration policy differ from that allowed by any regulation or tariff of the applicable Public Service Commission or other such body whether such regulation or tariff is currently in existence or is hereafter made known.

- a. It is further understood that in the event any changes or modifications in any laws, rules, regulations, or tariffs materially alter the rights or obligations of either party hereunder, either party may, upon thirty (30) days written notice, terminate this Agreement.
- b. Facility Administrator further agrees to cooperate with Company to assist in any reasonable way to assure compliance with all laws, rules and regulations, federal, state and local requirements, including but not limited to, handicapped requirements. To the extent Company makes alterations, furnishes devices, or in any other ways provides for compliance with such requirements, any additional expenditures occasioned by costs of such compliance shall be reimbursed by Facility Administrator or deducted from Remuneration, otherwise payable under this Agreement, at Company's option.

During the term of this Agreement, including any renewal period(s), the Company shall recognize and protect the confidentiality of all information regarding inmate telephone station locations provided by Facility Administrator, including revenue and remuneration paid to the Facility Administrator, and shall not disclose such information to any party other than Facility Administrator.

Company shall lease to Facility Administrator, and Facility Administrator shall lease from Company, certain Material consisting of customer premises equipment designated as printer and personal computer with all associated equipment and software for Facility Administrator's use in connection with the Company's Inmate Telephone Service offering, for the monthly rent of \$1,200.00 which shall include in the computation thereof all costs and expenses incurred by the Company in the provision thereof, including, but not limited to, cost of the equipment, applicable ad valorem taxes, shipping and installation charges, and maintenance fees. The Facility Administrator understands and agrees that the obligation to pay rent pursuant to this Section IV is absolute and unconditional and that such obligation is not conditioned upon or affected by any equipment warranty or the Company's performance of or failure to perform any warranty, maintenance, service or installation service, and that the Company's sole and exclusive liability in all situations involving defective Material or non-performance of warranty or maintenance services, regardless of the form of action, in contract or tort, including strict liability and or otherwise, will be the lesser of (i) actual direct damages, (ii) the Company's reasonable cost of repair or of non-conforming Material and/or any related software; (iii) the total Material price or the total maintenance fee applicable to the Material.

The Company may provide at the request of Facility Administrator a public defender line for inmates to make local calls to public defender telephone number(s) at no charge to the inmate. Such calls will be charged to Facility Administrator at the local message rate specified in the General Subscriber Services Tariff.

The Facility Administrator shall not publish or use any press releases or publicity matters which relate to the Material wherein Company's or its affiliated companies' corporate or trade names, logos, trademarks or service marks are mentioned or language from which the connection of said names or trademarks therewith may be inferred or implied, unless the Facility Administrator has first submitted such press releases or publicity matters to the Company for review and subsequently received Company's prior written approval.

V. Facility Administrator Agrees To:

- a. Not allow any other provider to install, operate, maintain or co-locate any inmate telephones or inmate systems, during the original term or any renewal periods of the Agreement, at Facilities covered under this agreement.
- b. Advise the Company of any location that has been closed or sold.

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- c. To the extent permissible by law, use the Company as its agent in all matters relating to inmate telephone service.
- d. Reasonably protect the Material against willful abuse and report any damage, service failure or hazardous conditions to the Company.
- e. Provide necessary power and power source, and to provide suitable space, accessible to inmates for inmate telephone service, and further represents that it is authorized to provide said space.
- f. Permit the Company to display signs furnished by the Company upon mutual consent; and not to affix or allow to be affixed any other signs, equipment or information to the Material.
- g. Permit access to its respective facilities without charge or prejudice to Company employees or representatives, inmate telephone users, patrons or consignees.
- h. Comply with all federal, state and local statutes, rules, regulations, ordinances or codes governing or applicable to the telephone services offered by Company and any use of the customer premises equipment leased by Facility Administrator from Company.

VI. Choice Of Law - The construction, interpretation and performance of this Agreement and all transactions under it shall be governed by the domestic law of the State of Georgia.

VII. Notices - Any notice or demand which under the terms of this Agreement or under any statute must or may be given or made by either party shall be given or made by mail, postage prepaid, addressed to the respective party as follows:

To Company: BellSouth Telecommunications, Inc.
Public Communications
600 North 19th Street
Birmingham, Alabama 35203

To Location Provider: Mecklenburg County Sheriffs Dept.
700 E. 4th Street
Charlotte, North Carolina 28202

VIII. Entire Agreement - This Agreement constitutes the entire Agreement between Facility Administrator and the Company and may not be modified or amended other than by a written instrument executed by both parties.

Any orders placed by Facility Administrator hereunder shall incorporate the typed, stamped or written provisions of data found thereon and in subordinate documents so long as the typed, stamped or written provision of data merely supplement but do not vary the provisions of this Agreement.

The Facility Administrator represents and warrants that it has the absolute and legal authority to make decisions concerning the provision of space for inmate telephones placed by the Company at the locations covered by this Agreement.

This Agreement shall not control or affect the right of the Facility Administrator to select a Long Distance Carrier for InterLATA service, nor shall selection of a Long Distance Carrier for InterLATA service in any way operate to affect this Agreement.

IX. Relocation/Removal - Material shall not be moved, removed, rendered inoperable or unusable, or made inaccessible to inmates or users by Facility Administrator at the location in which it is installed. At the agreement of both parties, installed Material may be relocated by the Company.

X. Title - Title to Material shall be and remain in the Company.

XI. Risk Of Loss - The Company and its Insurers, if any, shall relieve Facility Administrator of all risks of loss or damage to the Material during the periods of transportation and installation of the Material. However, Facility Administrator shall be responsible for loss or damage to Material located on its premise caused by fault or negligence of Facility Administrator or its employees.

XII. Default - In the event either party shall be in breach or default of any terms, conditions, or covenants of this Agreement and such breach or default shall continue for a period of thirty (30) days after the giving of written notice thereof to either party by the other, then in addition to all other rights and remedies of law or equity or otherwise, the offended party shall have the right to cancel this Agreement without charge or liability.

XIII. Assignment - In the event Facility Administrator sells, assigns or otherwise transfers ownership or control of location where Material is located to a successor, Facility Administrator agrees to secure assignment of this Agreement to such successor, with written consent of Company, which consent shall not be unreasonably withheld. In the event Facility Administrator does not secure such assignment to its successor, Facility Administrator shall be subject to pay Company damages to compensate for the failure to comply with this provision. This Agreement may be transferred or assigned, in whole or in part, by the Company to any parent, successor, subsidiary, or affiliated company of the Company.

XIV. Liability - Facility Administrator acknowledges that it is an independent contractor and that this Agreement shall not be construed as a contract of agency or employment. Facility Administrator shall be solely responsible and liable for compliance with all laws, rules and regulations and payment of all wages,

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unemployment, social security and other payroll taxes relating to Facility Administrator's employees including contribution from such persons, when required by law. The Company shall not be held liable for interruption of telephone service from any cause. The Company's liability for payment of remuneration in the event of technical, computer or other difficulties resulting in the loss or unavailability of data necessary for calculation of remunerations shall be limited as follows: to an amount equal to the pro rata average daily remuneration for each day such data was lost or unavailable, in no event payable for less than 24-hour period, as calculated based on the previous six month's remuneration, or if that data is unavailable, based on the Company's reasonable estimate of the pro rata average daily remuneration lost. In no event shall any claim for consequential, special, reliance, punitive, or indirect damages be made by either party.

XV. Indemnification - Facility Administrator hereby agrees to release and indemnify the Company from any loss, cost, damage, expense, or liability arising in connection with the performance of this Agreement (including Facility Administrator's use of computerized customer premises equipment leased by it from the Company and, if applicable, obtained from third parties) and caused, in whole or in part, by the acts or omissions, negligent or otherwise, of Facility Administrator, except to the extent such loss, cost, damage, expense, or liability arises from the negligence of the Company. The Company holds the right to control litigation in the event of a legal claim being filed.

XVI. Conflict Of Interest - Facility Administrator acknowledges that no officer or employee of the Company has been employed, related, retained, induced, or directed by Facility Administrator to solicit or secure this Agreement with the Company upon agreement, offer, understanding, or implication involving any form of remuneration whatsoever. Facility Administrator agrees, in the event of an allegation of substance (the determination of which will be solely made by the Company) that there has been a violation hereof, Facility Administrator will cooperate in every reasonable manner with the Company in establishing whether the allegation is true. Notwithstanding any provisions of this Agreement to the contrary, if a violation of this provision is found to have occurred and is deemed material by the Company, the Company may terminate this Agreement.

XVII. Supersede - This Agreement supersedes any existing Agreement between Facility Administrator and the Company.

XVIII. Severability - If any of the provisions of this Agreement shall be invalid or unenforceable under the laws of the jurisdiction applicable to the entire Agreement, such invalidity or unenforceability shall not invalidate or render unenforceable the entire Agreement, but rather the entire Agreement shall be construed as if not containing the particular invalid or unenforceable provision or provisions, and the

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In Witness Whereof, the parties hereto have executed this Agreement by their duly authorized representatives on the dates set forth below.

BELLSOUTH TELECOMMUNICATIONS, INC.

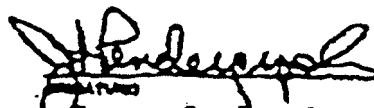
FACILITY ADMINISTRATOR

SIGNATURE

PRINTED NAME

TITLE

DATE



SIGNATURE

James I. Pendergraph

PRINTED NAME

Sheriff

TITLE

JANUARY 19, 1995

DATE

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ADDENDUM

MECKLENBURG COUNTY JAIL

This contract is contingent upon approval within sixty days of the signing of this contract by the North Carolina Public Utilities Commission of the request filed by Southern Bell on January 18, 1995 for an effective tariff date of February 22, 1995 to offer Three Way Call Detection feature and Station Message Detail Recording SMDR feature.

COMPANY:

(Signature)

Kurt A. Geib
(Printed Name)

Branch Manager
(Title)

(Date)

FACILITY ADMINISTRATOR


(Signature)

James I. Pendergraph
(Printed Name)

Sheriff
(Title)

January 19, 1995
(Date)

ATTACHMENT 5

PRELIMINARY ANALYSIS OF BELL SOUTH'S NETWORK COSTS FOR LOCAL ICS CALLS

**PRELIMINARY ANALYSIS OF
BELLSOUTH'S NETWORK COST FOR**

LOCAL ICS CALLS

	<u>NC</u>	<u>SC</u>
CALL REVENUE	.95	.80
 BASIC NETWORK COSTS		
Validation (.032 x 3)	(.096)	(.096)
 Transmission - 8 minute call	(.09)	(.09)
.01/minute x 8 = .08 + .01		
.01 = answered & not accepted		
 Billing and Collection	(.11)	(.11)
Bad Debt 20%	(.19)	(.16)
NC Franchise Tax (3.22%)	(.031)	na
Commission to PSP 45%	(.4275)	(.36)
 MARGIN BEFORE ADDITIONAL COSTS	<u>.0055</u>	<u>(.016)</u>
 ADDITIONAL COSTS		
Maintenance and Marketing Expense	(?)	(?)
Equipment Depreciation	(?)	(?)
Overhead	(?)	(?)
 LOSS	(?)	(?)